



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 2
290 BROADWAY
NEW YORK, NY 10007-1866

OCT 20 2006

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. William H. Hyatt, Esq.
Kirkpatrick & Lockhart LLP
One Newark Center- Tenth Floor
Newark, NJ 07102

RE: Lower Passaic River Study Area Portion of the Diamond Alkali Superfund Site
CERCLA Docket No. 02-2004-2011
Contingent Funding Demand

Dear Mr. Hyatt:

Pursuant to amended Paragraph 13 of the above-referenced Agreement, the U.S. Environmental Protection Agency (EPA) hereby makes a Contingent Funding Demand to the Settling Parties for \$750,000.00. EPA's use of the funds in the Diamond Alkali Superfund Site - Lower Passaic River Study Area Special Account (LPRSA Special Account) for the purposes of conducting the Lower Passaic River Study Area Remedial Investigation/Feasibility Study (RI/FS) has resulted in there being less than \$1,000,000.00 in unobligated funds within the LPRSA Special Account. The amount remaining is insufficient to complete the RI/FS.

EPA expects to use the funds demanded to perform the following activities associated with the RI/FS including, but not limited to: possible transition of RI/FS to the CPG, completion of alternatives analysis for the Focused Feasibility Study, potential development of a Proposed Plan and associated public outreach, and development of a potential Record of Decision.

A chart is attached that summarizes contract expenditures including current obligations and an estimate of required funds. Please be advised that the chart does not contain certain costs associated with the RI/FS including for example: EPA and DOJ payroll, file maintenance, travel, and indirect charges. These costs appear in the enclosed Superfund Cost Recovery Package Imaging and On-line System (SCORPIOS) Reports, which are provided to you in accordance with Paragraph 14 of the Agreement.

Enclosed are three SCORPIOS reports for the time period June 24, 2004 through June 30, 2006. One report represents charges associated solely with Operable Unit (OU) 3. For the purposes of the SCORPIOS report, OU 3 represents the expansion of the CERCLA investigation from the six-mile Passaic River Study Area (known as OU 2) to the

seventeen-mile LPRSA. Two reports are enclosed for OU 0 that represents EPA payroll and fileroom contractor costs attributable to OUs 1, 2, 3 and 4. The EPA payroll costs and associated indirect costs should be equally apportioned among each of the four OUs. You will receive supplemental information that breaks out the fileroom contractor costs and associated indirect costs by OU.

The Settling Parties shall make the Contingent Funding Demand payment in accordance with the payment provisions contained in Paragraph 12 of the Agreement. Payment is due within ninety (90) days of receipt of this Contingent Funding Demand.

If you have any questions about this Contingent Funding Demand, you may contact Kedari Reddy at 212-637-3106.

Sincerely,


Raymond Basso
Strategic Integration Manager

Enc.

Lower Passaic River Restoration Project			
Summary of EPA Contracting Costs, including Contractor Costs to Date, Obligated Funds and Estimate of Funding Required			
	Costs to Date	Obligated	Estimated Funds Required
	[Aug04-Aug06]	[Sept-Dec06]	[Jan-Apr07]
USACE-KC Contract Administration			
Labor, Overhead & Travel	\$218,300	\$119,400	\$0
Sedflume/ERDC reviews	\$112,400	(incl in above)	\$0
Superfund M&S Fee	\$107,300	\$5,800	\$0
SubTotal	\$438,000	\$125,200	\$0
Contractor Project Administration			
Project Management/Subcontract Administration	\$1,487,700	\$232,000	\$200,000
Internal Web Site/Data Management	\$431,000	\$5,800	\$0
Technical Support	\$100,200	\$11,500	\$0
Fee	\$401,100	\$121,400	(incl. in above)
SubTotal	\$2,420,000	\$370,700	\$200,000
Community Relations			
Public Web Site/Mtgs/Fact Sheets/CIP	\$156,000	\$2,900	\$25,000
SubTotal	\$156,000	\$2,900	\$25,000
Work Plans			
WP/FSPs/QAPP/HASP/Modeling Plan	\$854,100	\$0	\$0
SubTotal	\$854,100	\$0	\$0
Risk Assessment			
Risk Assessment	\$244,900	\$0	\$0
SubTotal	\$244,900	\$0	\$0
Sampling/Field Work			
Mobilization/Demobilization/Travel	\$680,100	\$170,200	\$0
Hydrodynamic Sampling	\$255,700	\$0	\$0
Sediment Cores/Water Qual Samples	\$1,456,000	\$0	\$0
Biota Sampling	\$0	\$0	\$0
CSO Sampling Oversight	\$0	\$0	\$0
SubTotal	\$2,391,800	\$170,200	\$0
Modeling			
Model Development/Calibration	\$746,900	\$9,400	\$0
Baseline Modeling	\$0	\$0	\$0
SubTotal	\$746,900	\$9,400	\$0
RI Report/Data Evaluation			
Data Evaluation & Validation	\$538,700	\$0	\$0
RI Report	\$0	\$0	\$0
SubTotal	\$538,700	\$0	\$0
Feasibility Study			
Feasibility Study	\$23,300	\$444,700	\$0
Early Action Evaluation	\$659,600	\$403,600	\$525,000
SubTotal	\$682,900	\$848,300	\$525,000
USACE-KC IAG with MPI Contract Total	\$8,473,300	\$1,526,700	\$750,000
			As of 10/3/06